

# TECHNICAL MEMORANDUM

## Utah Coal Regulatory Program

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August 10, 2011

TO: Internal File *DOH*

THRU: Daron Haddock, Coal Program Manager

FROM: April Abate, Team Lead *AAA 8/10/2011*

RE: Yard Hoist, Coal and Sand & Salt Bins, Canyon Fuel Company, LLC, Sufco Mine, C/041/0002, Task #3884

### SUMMARY:

On July 22, 2011, the Utah Division of Oil Gas & Mining received an application for an amendment to the Mining & Reclamation Plan (MRP) of Canyon Fuel Company's Sufco Mine. The application seeks approval to construct a new Yard Hoist, and relocated the coal stoker, sand and salt bins associated with the construction of the new West Lease Portals and Beltline area at the mine. Included with the amendment are updated bond calculation sheets, updates to Table 5-4 listing existing structures, construction profile drawings that show the proposed yard hoist, sand and salt bins.

The applicant states that all activities associated with construction of the yard hoist, sand and salt bins will occur within the mine's current disturbed area boundary and that the new construction is well within the current bond posted by the applicant. The bond information has been submitted with a 5 year escalation factor in 2016 dollars. However, the escalation factor on the bond calculation spreadsheet was listed at 0.004 but should have been 1.7%.

### RECOMMENDATIONS:

Conditional approval is recommended, based on submittal of an updated summary sheet for the bonding calculations. The updated sheet should include an escalation factor of 1.7%. The Division requests that the mine submit updated hard and soft copy versions of the bonding spreadsheets.

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TECHNICAL MEMO

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**TECHNICAL ANALYSIS:**

**OPERATION PLAN**

**SUPPORT FACILITIES AND UTILITY INSTALLATIONS**

Regulatory Reference: 30 CFR Sec. 784.30, 817.180, 817.181; R645-301-526.

**Analysis:**

To accommodate the inclusion of the yard hoist, sand and salt bins, Table 5-4 (Existing Structures) within the MRP was modified to include the yard hoist along with updated construction dates for the sand and salt bins. The description was also modified to include structural steel along with concrete.

**Findings:**

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

**MAPS, PLANS, AND CROSS SECTIONS OF MINING OPERATIONS**

Regulatory Reference: 30 CFR Sec. 784.23; R645-301-512, -301-521, -301-542, -301-632, -301-731, -302-323.

**Analysis:**

The application includes description, plans, and drawings for the yard hoist, sand and salt bins as it is expected to be constructed, used, and maintained within the proposed permit area. The plans and drawings include a map, appropriate cross sections, design drawings, and specifications sufficient to demonstrate compliance.

**Findings:**

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

## **RECLAMATION PLAN**

### **BONDING AND INSURANCE REQUIREMENTS**

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

#### **Analysis:**

Included with the amendment are updated bond calculation sheets, updated unit cost estimates, and additional construction profile drawings that show the proposed beltline and details for bonding calculations.

The mine currently has surety bond posted in the amount of \$2,874,000. The principal holder is Argonaut Insurance Company. The amendment will only effect the bonding calculations by requiring and adjustment in the subtotal for demolition and removal as direct costs. The new subtotal for demolition and removal will now be \$1,141,607.50.

As of 2011, the Division requires bonding estimates to be escalated to 5 years using and escalation factor of 1.7%. The application includes an escalation factor of 0.004 and is escalated for 5 years. The amount of bond currently posted by the mine is sufficient to accommodate the amendment using an escalation factor of 1.7% and escalating for 5 years.

#### **Findings:**

Contents and information provided are sufficient enough to meet the minimum requirements of this section of the Utah Coal Mining Rules.

#### **RECOMMENDATIONS:**

Conditional approval is recommended, based on submittal of an updated summary sheet for the bonding calculations. The updated sheet should include an escalation factor of 1.7%. The Division requests that the mine submit updated hard and soft copy versions of the bonding spreadsheets.